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Central Illinois Public Service Company )  
Union Electric Company )  
 )  
Petition for approval of revisions )  
to market value tariff, Rider MV. )

00-0395

**PETITION**

Central Illinois Public Service Company ("AmerenCIPS") and Union Electric Company ("AmerenUE") (jointly, the "Ameren Companies") submit this Petition requesting the Commission to approve changes to each company's market value tariff rider ("Rider MV") that would permit each company to change the method of calculating market value beginning in calendar year 2001. As discussed herein, and in the accompanying testimony and exhibits, the Ameren Companies propose to base the calculation of market value on information relating to applicable market traded contracts in lieu of the Neutral Fact Finder ("NFF") values currently reflected in each company's Rider MV.

In support of their Petition, the Ameren Companies state as follows:

1. AmerenCIPS is an electric utility within the meaning of Section 3-105 of the Illinois Public Utilities Act (the "Act"), 220 ILCS 5/3-105 (1999). AmerenCIPS provides electric service to the public in the southern and central sections of the State. AmerenCIPS is a wholly-owned subsidiary of Ameren Corporation.
2. AmerenUE is also an electric utility within the meaning of Section 3-105 of the Act. AmerenUE provides electric service to customers in that portion of the St. Louis

metropolitan area located in Illinois. AmerenUE is also a wholly-owned subsidiary of Ameren Corporation.

3. AmerenCIPS and AmerenUE have delivery services tariffs on file with the Commission. Both companies collect a transition charge pursuant to Section 16-102 of the Act under Rider TC, and therefore, also offer a power purchase option service ("Rider PPOS") pursuant to Section 16-110 of the Act.

4. To calculate the transition charge under Rider TC and to price service under Rider PPOS, both companies have in effect a Rider MV, which determines the market value of power and energy. Pursuant to the Commission's order in Docket No. 99-0121, the Ameren Companies' initial delivery services tariff proceeding, Rider MV employs the market values determined by the NFF.

5. The Ameren Companies do not believe that the NFF mechanism provides the most accurate measure of the market value of power and energy in the Ameren market. The flaws in the NFF approach are well known, and there has been widespread criticism of the NFF methodology. The Ameren Companies believe that the NFF values currently in effect understate the market value of power and energy, which has the effect of making it more difficult for meaningful competition to develop. The NFF methodology, however, is dictated by Section 16-112 of the Act, and the Commission does not have the authority to alter that methodology.

6. The Commission does have the authority to approve the use of a methodology other than the NFF methodology. Specifically, Section 16-112(a) provides that the Commission may approve a "tariff that provides for the determination of the market value for electric power and energy as a function of an exchange traded or other market traded index, options or futures

contract or contracts applicable to the market in which the utility sells, and the customers in its service territory buy, electric power and energy. . . ." 220 ILCS 5/16-112(a) (1999).

7. Recently, in Docket No. 00-0259, the Commission approved for use this year a tariff filed by Commonwealth Edison Company ("ComEd") that determines the market value of power and energy bought and sold in the ComEd service area using "Into ComEd" market data.

8. The Ameren Companies propose to implement a similar approach for application in their service territories. Attached Ameren Exhibit 4.0 is a revised Rider MV for both AmerenCIPS and AmerenUE that would calculate market value as a function of the "Into Cinergy" prices for on-peak periods and as a function of other market traded contracts for off-peak periods.

9. As discussed in the accompanying testimony, the market traded data that are employed in the proposed riders are applicable to the Ameren market, and will provide a more accurate measure of the market value of power and energy bought and sold in the Ameren market than the NFF methodology provides.

10. The Ameren Companies believe that use of a more accurate measure of market value will contribute to the development of meaningful competition in the Illinois retail electric market.

11. The Ameren Companies propose to implement the revised Rider MV beginning January 1, 2001, or 90 days after the Commission's final order in this docket, whichever is earlier. The Companies will require 90 days in which to modify their information systems in order to accommodate the changes in Rider MV.

12. The Ameren Companies wish to alert the Commission that they are currently reviewing whether to suspend their assessment of transition charges under Rider TC, and

therefore, their service offerings under Rider PPOS. The Companies will not be in a position to make a final determination until after this docket is completed. The specific methodology used to calculate market value will play a significant role in the Companies' determination. The Companies commit to make such a final determination within 30 days of receipt of a final order in this case.


13. A suspension of Riders TC and PPOS would not render any decision in this case meaningless or moot. To the contrary, the revision of Rider MV will have at least two significant effects. First, the revised Rider terms will be applicable to remaining periods under Rider PPOS service initiated prior to the date on which any suspension of Rider PPOS becomes effective. Second, approval of the proposed methodology will bring the Commission one step closer to eliminating the NFF process. Section 16-112(m) allows the Commission to terminate the NFF process if "each electric utility serving at least 300,000 customers has placed into effect a tariff that provides for a determination of market value as a function of an exchange traded or other market traded index, options or futures contract or contracts." 220 ILCS 5/16-112(m) (1999). There are three such electric utilities: ComEd, Illinois Power Company and AmerenCIPS. ComEd already has placed such a tariff in effect, and AmerenCIPS is proposing one here. All that would remain would be for Illinois Power to propose such a tariff, and the Commission could eliminate the NFF.

14. To the extent that approval of the proposed revisions to Rider MV requires changes to Riders TC and/or PPOS, the Ameren Companies will file such revisions with the Commission within 30 days of receipt of a final order in this docket. The Ameren Companies do not wish to complicate review of the proposal to use a specific market value methodology with minor and technical implementation issues that can be addressed at a later date.

WHEREFORE, for all the reasons discussed herein and in the accompanying testimony, Central Illinois Public Service Company and Union Electric Company respectfully request that the Commission approve the tariff riders attached hereto as Ameren Exhibit 4.0.

Respectfully submitted,

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY  
UNION ELECTRIC COMPANY

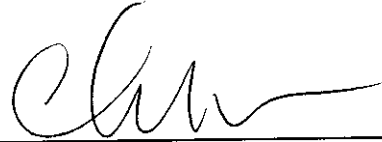
By:   
One of their attorneys

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**Affidavit**

Christopher W. Flynn, an attorney for Petitioners, being first duly sworn, states that he has read the foregoing Petition, that he is familiar with the facts stated therein and that the facts stated therein are true and correct to the best of his knowledge.



Christopher W. Flynn

Subscribed to and sworn before me  
this 31st day of May, 2000.

  
Notary Public